



A Global Supplier for Global Society

First Half Results for the Fiscal Year  
Ending March 31, 2021 (1H FY3/21)

# Information Meeting

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*Deliver with*  
**WOW!**

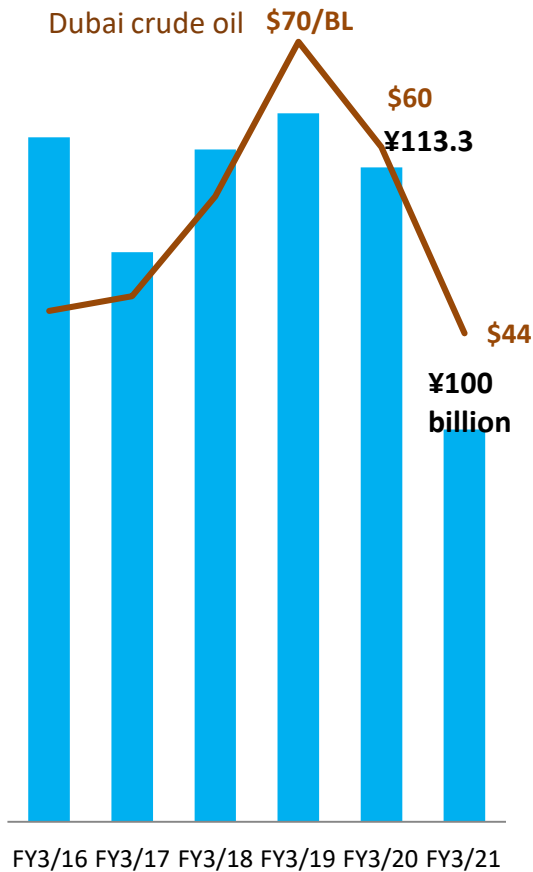
- 1. 1H FY3/21 Summary of Business Operations**
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# 3 Financial Highlights

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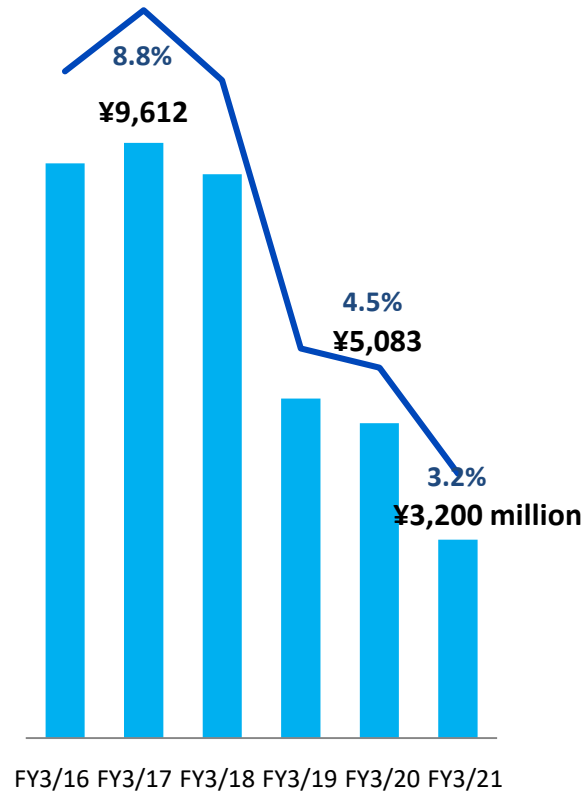
## Growth

Net Sales



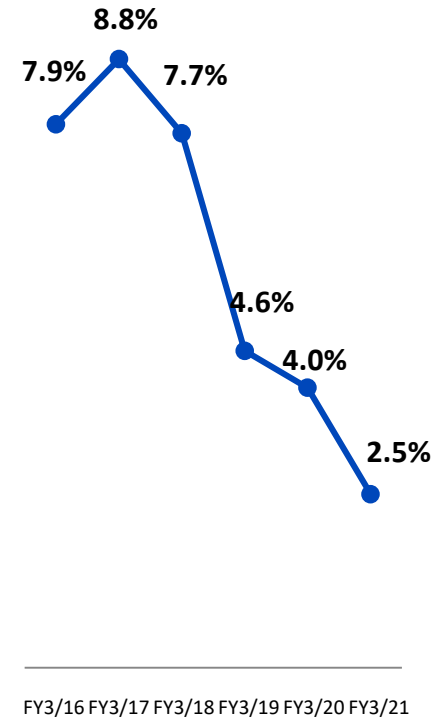
## Margin

Operating Profit / Operating Margin



## Return

Ordinary Profit to Total Assets



# Summary of Business Operations

1H FY3/21

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Item (Million yen)	1H FY3/20 Results	1H FY3/21 Forecast (Announced Jul. 31, 2020)	1H FY3/21 Results	YoY Comparison	vs. Forecast
Net sales	56,308	48,600	<b>48,080</b>	-14.6%	-1.1%
Operating profit	2,474	1,200	<b>1,284</b>	-48.1%	+7.0%
Ordinary profit	2,474	1,200	<b>1,268</b>	-48.7%	+5.7%
Profit attributable to owners of parent	1,917	800	<b>908</b>	-52.6%	+13.5%

- Forex: 1H FY3/21: JPY108.2/USD JPY119.4/EUR (1H FY3/20: JPY110.0/USD JPY124.1/EUR)
- Dubai crude oil: 1H FY3/21: USD37.1/BL (1H FY3/20: USD64.2/BL)
- Global economy: Economic activity plummeted due to the worldwide COVID-19 pandemic and subsequently began to recover slowly. The outlook is uncertain because the end of this crisis is not in sight
- Net sales: Down 14.6% mainly because of lower demand due to global economic restrictions
- Operating profit: Down 48.1% due to lower demand and the impact of lockdowns of cities on production activities

# 5 Extrusion Business

1H FY3/21

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Item (Million yen)	1H FY3/20 Results	1H FY3/21 Results	YoY Comparison
Net sales	19,448	<b>18,339</b>	-5.7%
Operating profit	1,022	<b>1,060</b>	+3.7%

Sales decreased because of lower demand

Higher earnings due partly to lower fixed expenses as production was streamlined

## Food packaging materials and food containers



**STYRENPAPER™**  
**MIRABOARD™**

- Sales of materials used for food trays increased
- Sales of materials used for advertising displays were weak
- Sales were unchanged from one year earlier

## Industrial packaging materials



**MIRAMAT®**  
**CAPLON™**  
**P-BOARD™**

- Higher sales of value-added products in China
- Lower sales of general-purpose products
- Sales decreased

## Home and building insulation materials and civil engineering materials



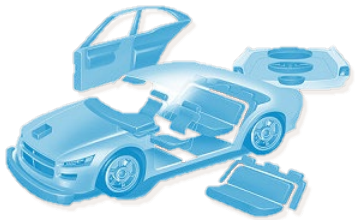
**MIRAFOAM™**

- Lower sales of materials in the construction sector because of a decline in demand as housing starts decreased
- Strong sales of materials used for civil engineering applications
- Sales were unchanged from one year earlier

Item (Million yen)	1H FY3/20 Results	1H FY3/21 Results	YoY Comparison
Net sales	33,987	27,440	-19.3%
Operating profit	1,945	716	-63.1%

Sales decreased because of lower demand in the automobile sector, and earnings decreased mainly due to lower sales and restrictions on production activities

A cushioning material for automotive parts and home appliances, and an impact protection material for athletic fields



ARPRO®/P-BLOCK™  
ELEMPOR™ NEO



- Sales volume and sales amount declined because of the blockade of cities due to the spread the COVID-19 pandemic and the closure of plants at automobile manufacturers
- North America: Sales of Paver-Base (paving stone base material) were strong
- Taiwan: Sales for cushioning and packaging materials were favorable

Expandable polystyrene, hybrid molded products



STYRODIA®  
HEATPOR®  
CLEARPOR®  
FOAMCORE™

- Sales of STYRODIA® decreased due to lower demand in the fisheries and agricultural sectors
- Sales of FOAMCORE™ decreased due to lower demand

Item (Million yen)	1H FY3/20 Results	1H FY3/21 Results	YoY Comparison
Net sales	2,872	2,300	-19.9%
Operating profit	46	1	-97.6%

## Sales and earnings decreased because of lower sales in Japan

### General packaging materials in Japan

- Sales in Japan decreased mainly due to lower sales in the automotive parts sectors



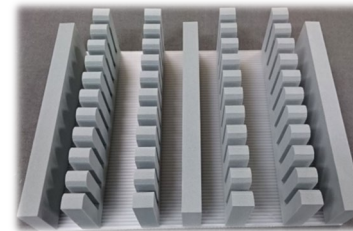
Trays for auto parts



Cushioning materials for digital home appliances

### General packaging materials in China

- Sluggish demand for packaging materials for many types of components resulted in lower sales



Material for transporting auto parts



Cushioning materials for optical parts

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# Summary of Business Operations

## FY3/21 Outlook

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Item (Million yen)	FY3/20	FY3/21			YoY Comparison
	Results	1H Results	2H Forecast	Outlook (Initial)	
Net sales	113,375	48,080	51,920	<b>100,000</b>	-11.8%
Operating profit	5,083	1,284	1,916	<b>3,200</b>	-37.1%
Ordinary profit	5,210	1,268	1,932	<b>3,200</b>	-38.6%
Profit attributable to owners of parent	3,638	908	1,292	<b>2,200</b>	-39.5%

- Exchange rates: JPY106.7/USD (1H: JPY108.2/USD, 2H: JPY105/USD)  
JPY122.1/EUR (1H: JPY119.4/EUR, 2H: JPY125/EUR)
- Dubai crude oil: USD44.0/BL (1H: USD37.1/BL, 2H: USD50.0/BL)
- Dividend: Annual dividend (forecast) ¥50 per share (Interim dividend ¥25, Estimated year-end dividend ¥25)

Item (Million yen)	FY3/20	FY3/21			YoY Comparison
	Results	1H Results	2H Forecast	Outlook	
Net sales	39,795	18,339	18,761	37,100	-6.8%
Operating profit	2,293	1,060	740	1,800	-21.5%

## New markets and applications for industrial materials, a slow recovery in insulation material demand

### Food packaging materials and food containers



**Heat-resistant polystyrene paper**

- Demand for food packaging materials remained strong for products sold at supermarkets and for take-out items
- Demand for materials used for advertising displays declined due to cancellation of events such as exhibitions



**MIRABOARD™**

### Industrial packaging materials



**MIRAMAT®  
CAPLON™  
P-BOARD™**

- Sales of value-added products were strong, but sales of general packaging materials were lower
- Started selling DESKWALL acrylic panels for prevention of COVID-19 infections

### Home insulation materials and civil engineering materials



**MIRAFOAM™**



**J Wall Block**

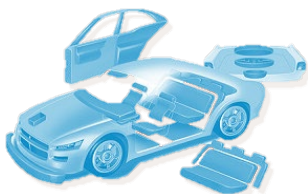
- Demand in the building and home construction sectors is expected to remain sluggish
- Sales of civil engineering materials are expected to be strong

Item (Million yen)	FY3/20	FY3/21			YoY Comparison
	Results	1H Results	2H Forecast	Outlook	
Net sales	67,771	27,440	30,460	57,900	-14.6%
Operating profit	3,783	716	1,684	2,400	-36.6%

EPP demand recovering but outlook increasingly uncertain; firm EPS demand but weak sales in the fisheries sector

A cushioning material for automotive parts and home appliances, and sports shoes

Expandable polystyrene, hybrid molded products



**ARPRO®/P-BLOCK™**

- A recovery has started in all regions in the 3Q
- Increasingly uncertain outlook as COVID-19 infections increase again in Europe and North America



**ELEMPOR™NEO**



**STYRODIA®**

- Expect 3Q and 4Q demand to be the same as one year earlier
- Maintain the spread



**CLEARPOR®**



**HEATPOR®**

YoY ○: more than 95% ▲:75 to 95% ■: under 75%

Business	Major products	FY3/21 Results/Outlook			
		1Q	2Q	3Q	4Q
Household product materials	STYRENPAPER™, MIRABOARD™	○	○	○	○
Industrial packaging materials	MIRAMAT®	▲	▲	▲	▲
Construction and civil engineering materials	MIRAFOAM™, J Wall Block	▲	○	▲	▲
Advanced materials	ARPRO®/P-BLOCK™	■	▲	○	○
EPS	STYRODIA®	○	○	○	○

- Sales volume of household product materials is expected to be higher than in FY3/20
- For industrial packaging and construction/civil engineering materials, demand is rebounding but unlikely to become a full-scale recovery
- Expect a recovery in P-BLOCK demand in Japan due to the outlook for auto sales to return to almost normal
- Expanded polystyrene (EPS) demand is firm but sales in the fisheries sector are weak

YoY ○: more than 95% ▲:75 to 95% ■: under 75%

Region	Major products	FY3/21 Results/Outlook			
		1Q	2Q	3Q	4Q
North America	ARPRO®	○	■	▲	○
South America	ARPRO®	○	■	▲	■
Europe	ARPRO®	○	■	○	■
Singapore	ARPRO®	○	■	▲	○
China	ARPRO®	■	○	○	▲
South Korea	ARPRO®	■	■	■	○
Taiwan	ARPRO®	○	○	○	○

- Increasingly uncertain outlook as COVID-19 infections climb in North and South America and Europe. Currently operating normally in these regions with no production or supply chain problems

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# 15 Results of Operations

1H FY3/21 Supplementary  
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(Percentages represent year-on-year changes)

(Million yen)	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
1H FY3/21	48,080 (-14.6%)	1,284 (-48.1%)	1,268 (-48.7%)	908 (-52.6%)
1H FY3/20	56,308 (-2.0%)	2,474 (-11.7%)	2,474 (-17.5%)	1,917 (-18.4%)

Comprehensive income: 1H FY3/21: ¥(514) million      1H FY3/20: ¥548 million

	Net income per share (Yen)	Operating profit to net sales
1H FY3/21	30.47	2.7%
1H FY3/20	64.32	4.4%

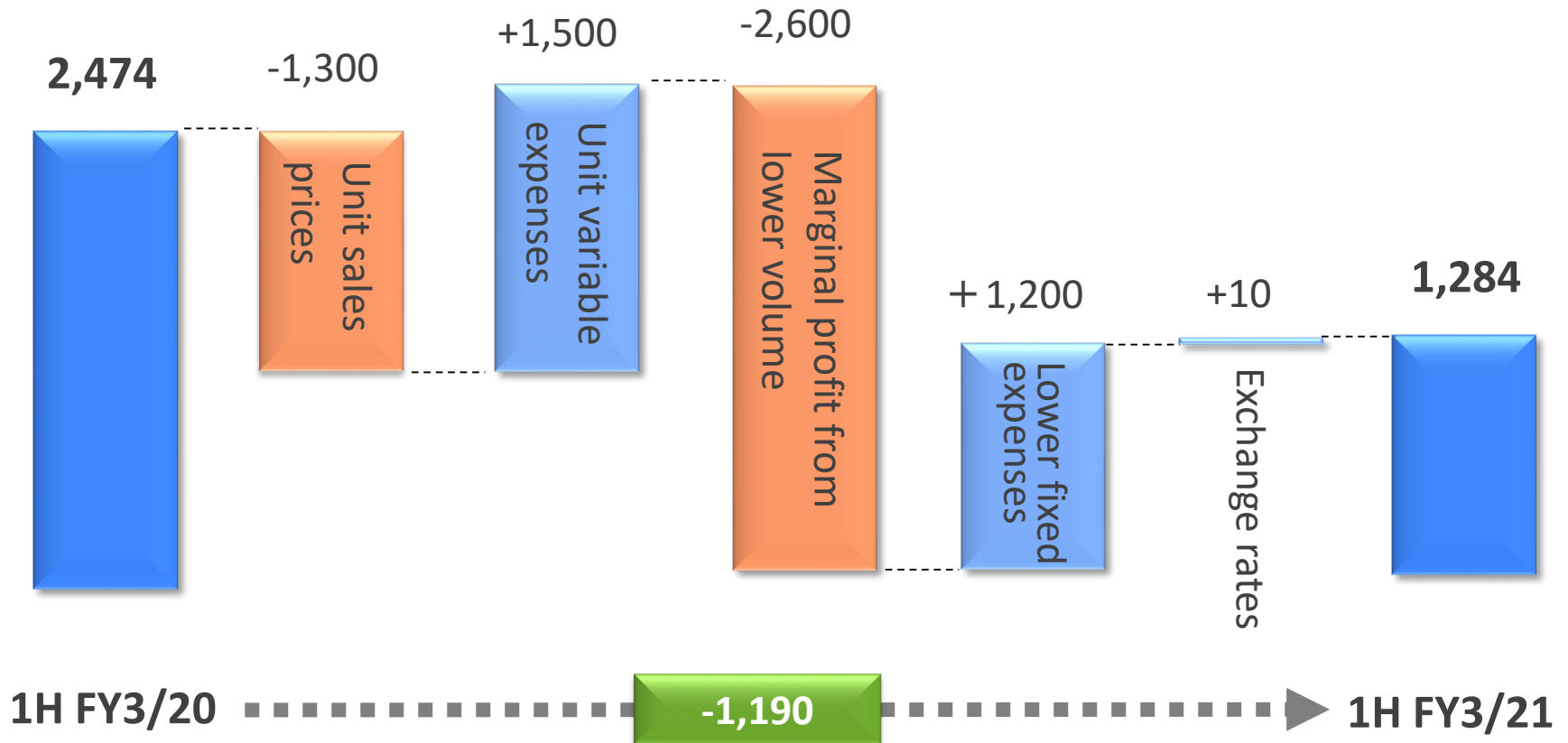
Major yen exchange rates (January-June)

Currencies	US\$	€	RMB
1H FY3/21	108.2	119.4	15.3
1H FY3/20	110.0	124.1	16.2
YoY Comparison	98.4%	96.2%	94.3%

# Components of Change in Operating Profit

1H FY3/21 Supplementary  
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(Million yen)



Difference in profit is calculated using the exchange rate used in FY3/20.



# Non-operating Income/Expenses Extraordinary Income/Loss

1H FY3/21 Supplementary  
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## Non-operating Income/Expenses

Account (Million yen)	1H FY3/20	1H FY3/21
Interest income	114	88
Subsidy income	26	97
Other	101	109
<b>Total non-operating income</b>	<b>242</b>	<b>295</b>
Interest expenses	99	91
Foreign exchange losses	86	167
Other	56	52
<b>Total non-operating expenses</b>	<b>242</b>	<b>311</b>

## Extraordinary Income/Loss

Account (Million yen)	1H FY3/20	1H FY3/21
Gain on sales of non- current assets	10	4
<b>Total extraordinary income</b>	<b>10</b>	<b>4</b>
Loss on sales of non- current assets	3	3
Loss on retirement of non-current assets	16	34
<b>Total extraordinary losses</b>	<b>19</b>	<b>38</b>

(Million yen)	Total assets	Net assets	Shareholders' equity ratio	Net assets per share (Yen)
As of Sep. 30, 2020	126,211	83,389	63.7%	2,697.08
As of Mar. 31, 2020	128,445	84,646	63.4%	2,729.87

Reference: Shareholders' equity: As of Sep. 30, 2020: ¥80,397 million  
As of Mar. 31, 2020: ¥81,375 million

#### Major yen exchange rates

Currencies	US\$	€	RMB
As of Jun. 30, 2020	107.7	121.0	15.2
As of Dec. 31, 2019	109.5	122.5	15.7
YoY Comparison	98.3%	98.8%	97.1%

# Balance Sheet

Account (Million yen)		As of Mar. 31, 2020	As of Sep. 30, 2020	Change
Assets	Current assets	60,575	<b>59,528</b>	(1,046)
	Non-current assets	67,869	<b>66,682</b>	(1,187)
Total assets		128,445	<b>126,211</b>	(2,233)
Liabilities	Current liabilities	31,611	<b>29,838</b>	(1,773)
	Non-current liabilities	12,186	<b>12,983</b>	796
	Total liabilities	43,798	<b>42,821</b>	(977)
Net assets	Shareholders' equity	83,665	<b>83,828</b>	162
	Accumulated other comprehensive income	(2,290)	<b>(3,431)</b>	(1,140)
	Non-controlling interests	3,270	<b>2,992</b>	(278)
	Total net assets	84,646	<b>83,389</b>	(1,256)
Total liabilities and net assets		128,445	<b>126,211</b>	(2,233)

Account (Million yen)		As of Mar. 31, 2020	As of Sep. 30, 2020	Change
Shareholders' equity	Capital stock	10,128	<b>10,128</b>	-
	Capital surplus	13,405	<b>13,405</b>	-
	Retained earnings	61,518	<b>61,681</b>	163
	Treasury shares	(1,387)	<b>(1,387)</b>	(0)
	Total	83,665	<b>83,828</b>	162
Accumulated other comprehensive income	Valuation difference on available-for-sale securities	268	<b>484</b>	216
	Foreign currency translation adjustment	(3,255)	<b>(4,630)</b>	(1,375)
	Remeasurements of defined benefit plans	696	<b>714</b>	18
	Total	(2,290)	<b>(3,431)</b>	(1,140)
Non-controlling interests		3,270	<b>2,992</b>	(278)
Total net assets		84,646	<b>83,389</b>	(1,256)

# Cash Flows

## Capital expenditures, Depreciation, R&D expenses

### Cash Flows

(Million yen)	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
<b>1H FY3/21</b>	<b>6,215</b>	<b>(2,245)</b>	<b>831</b>	<b>11,991</b>
1H FY3/20	4,520	(6,599)	287	7,065





### Capital Expenditures, Depreciation, R&D Expenses

(Million yen)	Capital expenditures	Depreciation	R&D expenses
<b>1H FY3/21</b>	<b>2,728</b>	<b>3,190</b>	<b>1,065</b>
1H FY3/20	6,482	3,136	1,153

Note: Capital expenditures are on a cash basis.

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## JSP's strategy for growth

	Automotive parts 	Thermal insulation materials for buildings and houses 	Flat panel display cushioning materials 	New business domains 
FY3/21 goals	vs. FY3/18 <b>+27%</b> (volume)	vs. FY3/18 <b>+18%</b> (volume)	vs. FY3/18 <b>+15%</b> (volume)	<b>¥3 billion</b>
Pre-COVID goals	<b>+10%</b>	<b>+15%</b>	<b>+3%</b>	<b>¥0.2 billion</b>
FY3/21 forecasts	<b>-9%</b>	<b>-3%</b>	<b>-1%</b>	<b>¥0.06 billion</b>

## Registered with the New Technology Information System (NETIS)

As the pioneer in simple wall construction methods, JSP has started selling J Wall Block, which further excels in terms of ease of installation, design and cost. In May 2020, this product was registered with NETIS, a database of Japan's Ministry of Land, Infrastructure and Transport. Construction is faster and less costly because no H-beams are needed. J Wall Block has already been used in many locations for highway retaining walls.



Civil engineering materials are included in the category of thermal insulation materials for buildings and houses, which is one of the four JSP growth engines.



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## Increasing our commitment to ESG

- JSP's products are environmentally responsible and the use of the properties of these products contributes to solving many social issues
- Our goal is to be a company compatible with a recycling-based economic system, with environmentally responsible activities and a commitment to sharing value with society
- We are preparing to establish a department dedicated to activities involving sustainable management



## Production and sales of ARPRO, made using recycled materials, have started in Europe

- European countries have a strong commitment to the environment and there have been more activities to build a recycling-based economy. There are many laws and regulations for reducing CO2 emissions and protecting the environment in other ways
- Automakers in Europe are required to use recycled materials. To help meet this need, JSP has started selling ARPRO RE, a material that incorporates recycled polypropylene



Dunnage trays made  
of recycled EPP



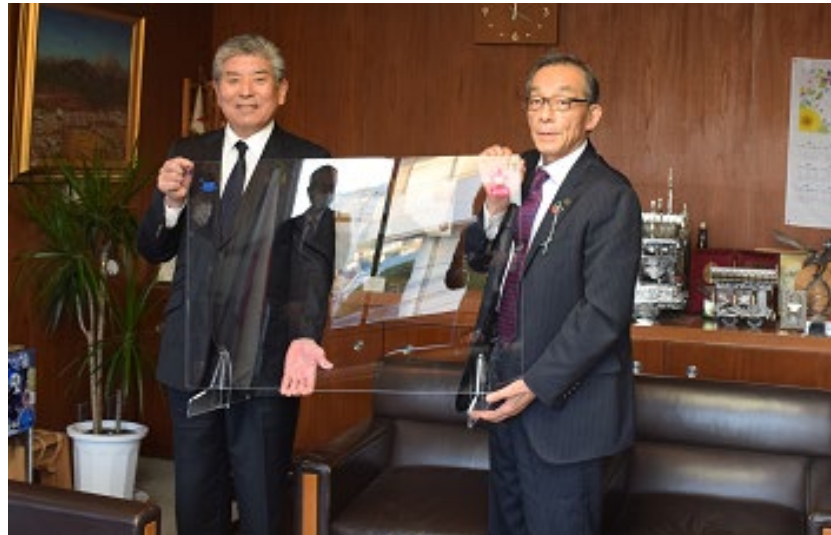
Ingots



Re-pelleting process

## Donation of partitions to the city of Kanuma

- On November 5, JSP donated 50 JSP DESKWALL acrylic partitions for preventing COVID-19 infections to the city of Kanuma in Tochigi prefecture
- Manufacturing products is not the only activities of JSP. We will continue our activities to contribute to the economies and safety of communities by positioning interactions with a broad range of stakeholders as an important part of business operations



### Cautionary statement with respect to forecasts

Forecasts are based on all the information currently available, and the actual results may differ due to various factors.

# JSP Corporation

Inquiries: Tel +81(3)-6212-6306  
Investor Relations Department